



Brian F. Fontes, Ph.D. • Vice President, Federal Relations • Phone 202 419 3010 • fax 202 419 3052

October 22, 2003

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Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TW-A325  
Washington, DC 20554

RECEIVED

OCT 22 2003

RE: Wireless Local Number Portability (WLNP)  
CC Docket No. 95-116, **EX PARTE**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Ms. Dortch:

On October 20, 2003, Cingular Wireless, LLC ("Cingular") represented by Brian Fontes, Vice President-Federal Relations, Ben Almond, Vice President-Federal Regulatory Affairs and Jim Bugel, Executive Director-Federal Regulatory Affairs, met with K. Dane Snowden, Chief, Consumer and Governmental Affairs Bureau, to discuss issues related to the referenced proceeding. The specific issue discussed during the meeting was how best to ensure the smooth implementation of wireless number portability, in particular, by means of a phased, regional implementation, which, in Cingular's view, would better serve customers by permitting any potential problems to be resolved on a smaller scale prior to a national rollout.

The meeting opened with a discussion on Cingular's efforts to educate customers about wireless number portability including Cingular's checklist covering the A to Z of WLNP. See Enclosure 1. This was followed by a discussion of the information contained in Enclosure 2 which is an overview of the rationale and recommendation for a phased-in implementation of wireless number portability beginning November 24, 2003. One of the major risks to wireless number portability implementation representing potential harm to consumers is the projected number of porting orders the wireless industry is expected to process shortly after November 24, 2003. Enclosure 3 contains a press release and two articles on projected porting demands. For instance, the press release pertains to a study conducted by The Network Management Group. It states that "Six percent of wireless users (which equates to 8.7 million of the current 146 million U.S. users) said that they would switch wireless providers the day after wireless number portability was available." As indicated by the data in Enclosure 2, this level of demand far exceeds the current inter-carrier system processing capacity of the industry and jeopardizes service integrity and reliability.

The recommendation for a phased-in approach to implement or rollout wireless number portability is in the public interest and prevents what a spokesperson for Verizon Wireless recently expressed in the St. Louis Post-Dispatch newspaper, "Everyone thinks

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its [WLNP] going to be really easy, but it's a train wreck waiting to happen " See Enclosure 4

Essentially, the phased-in approach consists of implementing WLNP on November 24, 2003 for the most populous MSAs in each of the seven Number Portability Administration Center regions throughout the nation. WLNP would be implemented for the remainder of the largest 100 MSAs through April 30. However, the timing of the April 30, 2003 target date should be flexible based on the success or problems experienced with the initial rollout schedule.

Pursuant to Section 1.1206 of the Commission's Rules, this notification is being submitted to your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,



Brian F. Fontes  
Vice President-Federal Relations

Enclosures

cc K. Dane Snowden, Chief-Consumer and Governmental Affairs Bureau  
Bryan Tramont, Chief of Staff-Chairman Powell's Office  
Sheryl Wilkerson, Legal Advisor-Chairman Powell's Office  
Jennifer Manner, Legal Advisor-Commissioner Abernathy's Office  
Paul Margie, Legal Advisor-Commissioner Copps' Office  
Barry Ohlson, Legal Advisor-Commissioner Adelstein's Office  
Sam Feder, Legal Advisor-Commissioner Martin's Office  
John Muleta, Chief-Wireless Telecommunications Bureau  
Jane Mago, Chief-Office of Strategic Planning and Policy Analysis  
David Solomon, Chief-Enforcement Bureau

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ENCLOSURE 1

# wireless local number portability

Switch to Cingular without changing your phone number!  
No need to alert friends, relatives and businesses that your number has changed

## The A to Z of WLNP Understanding Wireless Local Number Portability A Checklist from Cingular Wireless

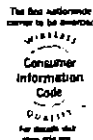
Cingular fits you best –and we know that nothing fits you better than straight talk. And, straight talk is precisely what you need when it comes to Wireless Local Number Portability (WLNP) – which is your ability to take your phone number with you when you change wireless and other carriers. Like many things, WLNP sounds simpler than it is. The wireless industry is making it happen, and Cingular wants you to know what to expect and how to avoid surprises.

- ✓ **Know the details.** Your new carrier will need to know information about your existing account. So for convenience, bring a bill from your existing carrier to your new one. If you don't have a copy of your bill, know the exact details of your account, including name (for example, is it billed to "Bill" or "William" Smith), address, account number and phone number.
- ✓ **Leave some time.** The process can take a few minutes or a few hours. It could take even longer for your phone to be fully functional (such as being able to receive incoming calls).
- ✓ **Timing counts.** Start the process with your new carrier. If you cancel your current service with your existing carrier, you may end up losing your number.
- ✓ **Are you a free agent?** You may be under contract with your existing carrier, who may charge you an early termination fee if you cancel your existing service while still under contract.
- ✓ **Start from scratch.** You may need a new phone when you switch carriers, even if you are keeping your number. Familiarize yourself with your new carrier's rate plans, coverage area and features, too, because you'll need to choose a new plan.

**Larger cities first.** WLNP is required to be available in the 100 largest metro areas on November 24th of this year. Some carriers may offer it in smaller markets before late May 2004.

- ✓ **The "L" in WLNP.** "Local" means when switching carriers you will be able to take your number within the same metro area but you may not be able to take it from one metro area to another.

**Need your consent.** Your new wireless carrier will need your authorization to move your wireless number from your existing carrier. This protects you from carriers switching your number without your permission.



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fits you best

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ENCLOSURE 2

have added an additional systems, as Cingular has, then the maximum number of ports that could be completed in a day would be around 2.5 million.

- Similarly, the typical carrier's Local Service Management System download capacity is 25 telephone numbers per second. Assuming the LSMS's operate 24 hours a day, each carrier's LSMS could handle 2,160,000 telephone numbers.
- These volumes are far below the recent RCR projected demand.
- The timing of implementation increases the probability for backlogs and delays. November 24<sup>th</sup> is the Monday prior to the Thanksgiving holiday and four (4) days before the busiest shopping day of the year. This fact, combined with holiday shopping traffic, temporary retail employees, and new system functionality to process porting will result in a very frustrating customer experience. The FCC provided a phased approach for wireline porting which began in October 1997 and continued through December 1998. The FCC stated that the "extension was to provide carriers additional time to test number portability in a live environment, and to take appropriate steps to safeguard network reliability." (FCC Telephone Number Portability, CC Docket No. 95-116 RM-8535, Adopted: March 6, 1997, Released: March 11, 1997, Section II, 27) [http://www.fcc.gov/Bureaus/Common\\_Carrier/Orders/1997/fcc97074.txt](http://www.fcc.gov/Bureaus/Common_Carrier/Orders/1997/fcc97074.txt)
- For your reference, please note the phased-in approach used by the wireline industry to implement local number portability in the top 100 MSAs.

#### Phases for Wireline Porting

Phase I -- 10/1/97-3/31/98

Phase II -- 1/1/98-5/15/98

Phase III -- 4/1/98-6/30/98

Phase IV -- 7/1/98-9/30/98

Phase V -- 10/1/98-12/31/98

### RECOMMENDATION FOR PHASED APPROACH

Wireless carriers need a phased in approach to ensure the integrity of our systems, to safeguard our network reliability, and to provide continued quality service for new and existing customers.

A similar, but accelerated, approach should be implemented for wireless porting to spread the anticipated volume and avoid the confusion of the holiday shopping.

- Specifically, split the country into the seven (7) NPAC regions and target the most populous MSAs in each region for implementation on 11/24/03
- Phase in the remainder of the largest 100 MSAs through April 30.
- Implement throughout the rest of the country 5/23/04.

## **Wireless Local Number Portability Phased Implementation Rationale and Recommendations**

Wireless Local Number Portability (WLNP) is scheduled to be implemented in the Largest 100 MSAs in a flash cut across the nation on 11/24, the Monday before the "busiest shopping day of the year". Given the proposed flash cut introduction, the projected volume of port requests and the timing, a phased implementation is absolutely required to avoid widespread customer confusion, delays and complaints.

Cingular Wireless strongly recommends a phased implementation of porting to ensure a positive customer experience.

Cingular and other carriers have been working diligently to meet the portability implementation deadline.

Carriers have deployed the required network capabilities to provide porting and have successfully completed millions of internal or "intra-carrier ports" to meet the FCC's number pooling requirement to conserve numbers.

However, successful carrier-to-carrier porting depends upon the readiness of multiple carrier as well as vendor systems.

All carriers must have deployed adequate communications and service ordering processes between carriers and vendors to assure that the correct customer number is transferred and databases are updated to route the number accurately on the public network

Additionally, carriers must change internal billing, ordering and other back office support systems to activate service on another carrier's ported number.

Carriers began testing various phases of these intercarrier processes as early as mid-2001. However, until early September of this year, the majority of this testing had to be done with systems in a lab environment rather than "live" production.

Recent intercarrier testing results demonstrate an overall below average success rate. In addition, during end to end testing, carriers and vendors experienced various inter-operability issues affecting the successful completion of transferred numbers. Cingular and other carriers have worked diligently to reduce the errors, but successful reduction sometimes is dependent upon other carriers or vendors.

- RCR recently projected that six million ports would be requested on the first day. This volume and flash cut of WLNP across all of the largest 100 MSA's substantially increases the risk of interdependent systems failing due to capacity and connectivity issues. We along with other carriers have attempted to simulate the capacity in testing environments but it is not possible to adequately test these volumes on intercarrier systems.
- For example, the current processing capacity of most carriers' Service Order Administration (SOA) is two (2) telephone numbers per second. Cingular is adding a second SOA, which is expected to increase our capacity to four (4) telephone numbers per second on average. Assuming that each of the seven wireless carriers have one SOA, then the maximum number of ports that could be processed in a day would be around 1.25 million. Assuming that these carriers

**Wireless Local Number Portability  
Phased Implementation**

Wireless Portability must be phased-in; otherwise disaster lurks:

- Nationwide flash-cut will stress systems and resources
- Four days before “busiest shopping day of the year”
- Carriers’ systems can only handle one-fourth of projected initial volume

Phased-in approach:

- Porting begins in most populous MSAs 11/24/03
- Phase-in remainder of largest 100 MSAs by 4/30/04
- Porting throughout USA by 5/24/04

Phased-in approach eliminates customer confusion, complaints and port delays.



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## ENCLOSURE 3

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## TMNG Study Reveals 39 Million Wireless Phone Users are Ready to Switch Providers

### *Wireline and Wireless Providers Must Revisit "Bundle" Offerings and Improve Call Quality, Billing and Customer Care to Retain Subscribers*

Overland Park, KS – June 18, 2003 – The Management Network Group, Inc. (Nasdaq TMNG), a leading provider of management consulting services to the global communications industry, today released key findings from the first wireless communications user study gauging the impact of Wireless Number Portability (WNP) on wireless and wireline service providers

"These results indicate a seismic shift that presents significant financial opportunity and risk for wireless and wireline service providers," said Rich Nespola, CEO of TMNG. "Service providers must immediately ensure the impact on operating expenditures is minimized. That starts with a top-down review of the service-delivery process. They must also become operationally excellent as both importers and exporters of customer accounts. Financially, those with significant debt will have to remodel and reforecast cash flow."

Perhaps the most surprising finding of the study is that more than 16.7 percent of survey respondents said they would definitely or probably switch their current home phone number to a wireless phone if they could take their home phone number with them. That represents 9.1 million home-telephone lines that could potentially shift to wireless once wireless number portability is available (scheduled for late November 2003).

#### Other key findings

- Six percent of wireless users (which equates to 8.7 million of the current 146 million U.S. users) said they would switch wireless providers the day after wireless number portability was available.
- A full 27 percent (potentially 39 million users) said they would switch providers as soon as they received a better offer.
- More than 50 percent of those who experienced service issues in the past year said they would switch carriers. Call quality and billing problems topped the list of complaints.

"Delivering quality service remains the competitive differentiator that determines who wins and who loses," Nespola added. "Wireless users also indicated a higher propensity to retain their provider when additional features like loyalty programs, push-to-talk and Web access are included in their plans."

TMNG's Wireless Number Portability (WNP) study was conducted in May 2003 to determine the impact of WNP on the telecommunications services sector. Results are based on more than 2,700 valid user responses resulting in a 95 percent level of confidence with a +/- 3 percent margin of error.

#### About TMNG

The Management Network Group, Inc. (Nasdaq: TMNG) is a leading provider of strategy, management, marketing, operational and technology consulting services to the global communications industry. With more than 500 consultants worldwide, TMNG serves communications service providers, technology companies, and financial services firms. Since the company's inception in 1990, TMNG and its subsidiaries – TMNG Strategy, TMNG Marketing, TMNG Technologies and TMNG Europe – have served more than 600 clients worldwide, including all the Fortune 500 telecommunications companies. TMNG is headquartered in Overland Park, Kansas, with offices in Boston, Chicago, Columbus, Dallas, La Jolla, London, New York, San Francisco, Toronto, Utrecht and Washington, D.C. TMNG can be reached at 1 888 480 TMNG (8664) or online at <http://www.tmng.com>

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# Wireless

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## Churnfest Or Famine: Call Centers To Feel The Pain

Call centers will need to adapt quickly to expected volumes.

BY RHONDA WICKHAM

OCTOBER 1, 2003

WIRELESS WEEK

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Fourth-quarter stats were once a carrier's pride and joy. New product and service promotions and the holiday season usually hiked customer additions like no other quarter. However, those stats have withered the past two years, and they might shrivel even more for some carriers this year as the Nov. 24 LNP deadline falls in the heart of the quarter.

A number of studies have attempted to prepare carriers for the potential churnfest. Rather than predicting the number of churning customers, a recent study conducted by Convergys' Knowledge Management Services arm points to a more significant number—the potential calls by wireless subscribers will make to call centers to port a number or simply gain information about number portability. Convergys, which offers billing and customer care services, envisions carrier call centers will receive as many as 100 million additional calls seeking LNP or contract expiration information in the first four months, with as many as 50 million customers actually churning in the first three months.

The central question is, are call centers prepared for a tidal wave of calls? According to the Yankee Group's senior analyst David Hawley, the answer is yes and no. "Carriers have the preparations in place for what they believe they will need. But is that enough? No one knows." Carriers can quickly outsource if red flags emerge, such as call hold times approaching 50 seconds and slowing first-call resolution rates, he says. Even though he warns carriers will "pay through the nose to scale up," they have little choice because they will be serving customers who left the previous carrier because of dissatisfaction. They can't afford to fall short in customer care efforts, yet the early odds are stacked against them.

The Convergys study, which was conducted to link customer expectations to carrier LNP strategies and infrastructures, reveals "customer expectations clearly don't match reality," according to Mike Cholak, Convergys vice president of Knowledge Management Services. For instance, more than 60 percent of customers want the switch to occur immediately, and they expect it will happen with just one phone call, which is unlikely.

The FCC has yet to clarify its rules for porting intervals. The optimum time is 2 1/2 hours, yet without timeline clarification from the commission, one company could take four days to shift a number while another will handle the transfer in hours. "Two hours will be very hard to do," says Dan Miller, Zelos Group senior analyst. In the beginning, call centers will need to manage a lot of manual processes and verification against fraud, he adds.

Analysts say the "one phone call" expectation is overly optimistic, especially as customers learn about LNP and carriers refine their customer-facing processes. According to Rick Findlay, Convergys' director of Wireless Industry Services, customers may start by calling their current carrier to check their contract expiration dates and then place a second call to the new carrier to port the number. Yet if the new carrier doesn't cover the same local service area, customers may have to make additional calls to alternate carriers.

In addition, the porting process itself is prone to errors and 50 percent of all porting attempts will fail due to misinformation and systematic errors, resulting in more calls, he says

Industry "guesses" on error rates have ranged from 3 percent to 80 percent, according to Bob Bruce, manager of business development for TSI, which provides intercarrier communications to exchange a subscriber's service order information with another carrier before a number can be ported. However, he expects the initial failure rate will be 30 percent to 40 percent, reflecting early fallout exhibited in wireline LNP.

It will take time for carriers to work through the processes for porting. For example, there are about 40 fields on a port request, but the new carrier likely will select three to five key fields, such as phone number, social security number, account number, last name and ZIP code, to check and match to the old carrier records. These selected fields are the most straightforward, Bruce says, introducing the least possibility for error. A street address, for example, might get kicked back because the carrier representative entered Ave. rather than Avenue, resulting in no match. Likewise, simple human error will figure into the inability to port on the first attempt. The customer might have moved, used a different billing address, changed a maiden or married name or the carrier representative simply made a keystroke error.

To Convergys' Findlay, this level of customer care multitasking is too much for current customer call centers to handle in addition to other billing and service questions they normally field. For this reason, he recommends carriers assign agents specifically to handle LNP. However, the Yankee Group's Hawley disagrees. "Specialty approaches are prohibitively expensive," which is why he says most carriers have disbanded their churn prevention centers. "It sounds like a good idea, but it is too expensive."

Specific call center strategies largely remain a mystery. Citing competitive reasons, carriers such as Cingular Wireless and Sprint PCS are vague about their specific plans. However, Verizon Wireless, which has publicly challenged its wireless counterparts, openly discusses some of its activities. The company opened a state-of-the-art call center in Murfreesboro, Tenn., which will be the hub of the company's porting activities, says Verizon Wireless spokesman Jeffrey Nelson. "We've accelerated hiring and training in Murfreesboro and expect 1,000 customer service employees to be based there by the end of 2003," he says. To complement this center, Verizon Wireless also initiated company-wide training with general information and multi-tier progressive online training. Later this month, all customer-facing employees will receive live training, "depending on pending legal and regulatory developments," he says.

The bottom line for fourth-quarter performance depends on whether customers who have expressed interest in porting actually will leap to action and, if they do, how efficiently those requests are handled and processed. Because 75 percent of the wireless subscriber base is under contract with expirations spaced throughout the year, customers porting numbers will not be the "train wreck" some have predicted, says Adam Guy, Yankee Group senior analyst.

Still, carriers should be prepared for a general onslaught of questions from customers, even if they aren't seeking to immediately switch providers. In addition, there could be transient spikes based on the amount of publicity, says TSI's Bruce. "Will Katie Couric port her phone number on the 'Today' show and will there be the type of customer groundswell like there was with Do Not Call? No one knows," he says.

Because of the unpredictability of what consumer reaction will be, most carriers will take a wait-and-see attitude before prematurely scaling up their call centers and outsourcing, Yankee Group's Hawley says. "Carriers are the ultimate optimists. They will wait until the pain has set in before they spend." However, if Convergys' estimates are accurate and customer service calls—which cost from \$5 to \$15 each to handle—escalate, then considerable pain may come sooner.

than later.

## And The Crystal Ball Says.

Numerous studies are attempting to tell us what to expect once local number portability rolls around the corner. Analysts predict certain carriers will feel the pinch—or punch—more than others. Here are a few projections on lost revenue, the enterprise market and—best of all for some pure-play wireless carriers—the potential for wireline displacement.

Increased churn could cost the wireless operators more than \$20 billion over four years. LNP solution vendors, including ARIS, Evolving Systems, Lucent Technologies, NightFire Software, Nortel Networks, Telcordia Technologies, Telica, TSI Telecommunications Services Inc., VeriSign and Vitria Technology are profiled in the report

—iGillottResearch Inc.'s study, *"Wireless Number Portability Closer to Reality"*

LNP may have the most impact on churn when it comes to enterprise (firms with more than 1,000 employees) and small business (firms with five to 99 employees) markets. The providers with the most to lose here are those with the greatest share: AT&T Wireless, ranked No. 1 in enterprise and No. 2 in small business, and Verizon Wireless, ranked No. 2 in enterprise and No. 1 in small business in terms of subscribers. Business users account for about 40 percent of wireless subscribers in the United States today. —*In-Stat/MDR, a sister company to Wireless Week, in "Segment Churn. Impact of Number Portability on Churn for Wireless Voice Services by Provider and Market Segment"*

Online, the result will be more than \$3 billion in revenue lost industrywide during the 12 months after LNP. —*Compete Inc., a predictive analytics firm*

Nearly 10 percent of wireline consumers will transfer their service to wireless once they have the option to keep their current wireline phone numbers. —*Gartner Inc.'s "Wireline-Wireless Number Portability. A Market Change Agent"*

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# Wireless

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## Preparing For Portability

Networks may be technically ready for the November LNP deadline, but operators have been slow to prepare for the onslaught of customer care and retail issues that may develop

BY SUE MAREK

SEPTEMBER 1, 2003

WIRELESS WEEK

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After battling with the FCC for years to keep local number portability at bay, wireless operators are now facing a harsh reality. With less than three months until the FCC-mandated service must be available to consumers, carriers must move at breakneck speed to get their networks ready for the Nov. 24 deadline. Though progress is being made on the technical front and testing is under way to ensure networks are capable of porting numbers, many critical issues must be ironed out before the impending deadline.

**PORTING UNPREDICTABILITY** Although no one knows for sure exactly how many consumers will try to port their numbers and switch carriers once LNP becomes available, several groups are making projections. For example, the Wireless Local Number Portability Working Group expects there will be 17 million to 18 million numbers ported in the first month that LNP is available. With this amount of anticipated porting volume, wireless operators' customer care and retail sales operations must be in top form or the customer experience will be greatly affected. "All carriers are struggling with how to determine the volume estimates for what porting will be," says Bob Bruce, business development manager at TSI Telecommunications Services Inc., which provides LNP inter-carrier communications and backend support for eight of the top wireless operators. "Some non-scientific studies estimate there will be 9 million ports in the first day. But there's probably not even enough parking spots in the mall for that kind of volume."

So far, most carriers have focused their LNP efforts at retaining subscribers through long-term contracts that will make it difficult for customers to port to other carriers. For example, many carriers are offering bonus minutes and equipment credits in exchange for two-year service contracts. "There is a lot of proactive marketing by carriers to get customers on long-term contracts," says Martha Lanaghen, vice president of marketing at Center Partners, a call center outsource firm. However, Lanaghen says few carriers seem to be fully prepared for the onslaught of customer care and retail sales volume that LNP likely will generate. "For one organization to take more than double or triple their normal customer care volume in one day would be incredible," Lanaghen says.

**DEALING WITH VOLUME SURGES** What makes LNP particularly challenging from the customer care standpoint is it will place so many demands on customer care initially and then that volume likely will surge again every year when customer contracts are up for renewal. "During the holiday period there could be millions of wireless customers who switch service. Inevitably, every November and December we will see this spike," Lanaghen says. Carriers must prepare for these spikes by either handling the demand internally or outsourcing it.

Center Partners began marketing its call center outsourcing services to carriers early this year, but the firm received very little response from carriers until recently. "I would have expected carriers to be looking at these issues in April or May. But now they are finally starting to call," Lanaghen says.

The company has inked a deal with Nextel Partners in which Center Partners will handle the critical fallout management for the carrier, which means it will help the carrier cope with porting failures by providing the communications between Nextel and the other carriers to make sure all the porting information is correct.

But Nextel Partners isn't the only carrier thinking ahead about its customer care and retail sales needs. Verizon Wireless, which in June changed its course and embraced LNP instead of continuing to fight it, has been perhaps the most vocal carrier about its efforts. The company is staffing a 450-person hub in Murfreesboro, Tenn., to help facilitate LNP. In addition, according to Verizon Wireless spokesman Jeffrey Nelson, the carrier has started training its retail sales force as well as the customer service personnel and anyone else who works directly with the customer. The company also is developing materials and training for the firm's indirect sales channels and resellers. "For weeks, we have been training at both the retail level as well as the customer service level," Nelson says.

However, Verizon realizes its success with LNP is dependent on other carriers. Although Verizon changed its stance on LNP, other top carriers, which make up the Wireless Carrier Group, consisting of Alltel, AT&T Wireless, Cingular Wireless, Nextel Communications and Sprint PCS, are still battling with the FCC on several fronts. In particular, the carriers are fighting a provision in LNP that requires them to port customers who owe them money.

Verizon has responded by accusing the Wireless Carrier Group of making these complaints in order to keep LNP from happening in November. The carrier says the Wireless Carrier Group is imposing new barriers such as severely restricting porting hours so that customers won't be able to port and requiring customers to pay early termination fees and owed balances as a condition for them to keep their mobile phone number. Both contingents are asking the FCC to rule quickly on these issues and are hoping to have some answers from the commission by Sept. 1.

**FOCUSING ON COMPANY STORES** Despite unresolved LNP issues at the commission, some operators are forging ahead and making decisions about how to handle LNP through their retail channels. Though much of Leap Wireless' Cricket wireless service sales are done through the company's indirect sales channels, the carrier plans to direct all porting customers to its company-owned Cricket stores. "We are going to try to steer customers into Cricket stores," says Laurie Itkin, director of government affairs at Leap Wireless. "It's a complicated transaction and we will have more expertise at the Cricket stores."

Whether the carrier will at some point include its indirect sales channel in the LNP process is uncertain. Itkin says it is too early to tell whether the company's indirect sales partners will be able to port numbers but as time goes by, Leap likely will try different things.

Whether other carriers follow Leap's lead and try to keep porting requests at the company-owned stores is also uncertain. However, what is clear is operators need to make sure the porting process is quick and easy for customers, otherwise the long-term impact could be very detrimental. "From the customer perspective, carriers have to explain how this is going to happen and how long it is going to take," says Maggie Lee, senior technical solutions manager at Verisign, which is operating as a service bureau by providing intercarrier communications as well as preport and validation services to its carrier customers. "Otherwise, the customer won't understand and will move to a new service provider."

**MINIMAL TIME, IMPACT** Although the FCC didn't mandate a specific time allowed for porting, the industry has decided it will try to keep each customer-porting request to less than 2.5 hours. This is a fairly short time for carriers to handle the complicated porting procedure, but to the customer this process may seem time consuming. "We're used to getting an instantaneous response on customer credit checks but a porting request will take awhile," says Gail

Redmond, vice president of sales and marketing at Telespree Communications Inc., which makes an automated activation solution. "We are working with carriers to keep messaging the user to keep them informed on what is going on."

Carriers are considering many different options for the time delay in the porting process. According to TSI's Bruce, some carriers are planning to issue a temporary number that customers will be able to use until their existing number is ported to the phone. Others plan to give the customer a phone at the point of sale but explain that it will only work for outgoing calls initially and incoming calls still will go to the old phone until the porting process is completed. Still others, Bruce says, are going to ask the customer to go without phone service for the 2-5-hour time frame. "Most just want to impact the customer as little as possible," Bruce says.

**RESELLERS FACE CHALLENGE** When it comes to porting numbers, keeping the time frame and customer impact to a minimum may be especially difficult for wireless resellers and mobile virtual network operators. According to Bruce, MVNOs and resellers will have to rely on their sponsor carrier to handle their customer porting requests because the porting system is between the network providers, or license holders, and not resellers.

This could become a difficult situation if the reseller doesn't provide all its customer information to the host carrier. Bruce says that because the phone number and customer information belongs to the reseller, when a porting request happens, the network sponsor will have no way of verifying that information because it can only ask the host network to confirm the subscriber information and not the reseller. And because carriers and resellers are often competitors, this sharing of customer information can be a sticky situation. "Different carriers are to some degree applying different philosophies and strategies around resellers," Bruce says. "There's still a lot of details to be worked out."

Nevertheless, the Wireless Number Portability Working Group has come up with a procedure for resellers and MVNOs. According to Lee, the group has incorporated resellers into the porting process. "The problem is the facilities-based provider is the one that maintains the number so they have to be part of the equation," Lee says.

With less than three months until the LNP mandate becomes a reality, wireless operators and vendors still have numerous challenges to overcome. But like so many other challenges that the wireless industry has faced over the years, technology is only part of the equation. Customer service and retail issues remain formidable hurdles that wireless operators can't afford to ignore.

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# ENCLOSURE 4

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### CELL-NUMBER PORTABILITY COULD SPARK A STAMPEDE

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\* As many as half the nation's 150 million wireless customers could change carriers in the next year. So, analysts say, providers must focus on more ways to differentiate their service and to build loyalty.

Wireless-phone customers are a restless lot, and they could get even more restless by Thanksgiving.

Starting on Nov. 24, customers can keep their cell-phone numbers when they change wireless providers. Analysts say the change, called number portability, could set off a frenzy of carrier-switching in an industry where customer loyalty is scarce.

Up to half the nation's 150.7 million wireless customers could **switch** carriers in the next year, said Janice Baugh, a consultant with Dietrich Lockhard Group of Brentwood. The company advises clients on telecommunications services.

"A lot of people are unhappy with their current wireless providers," Baugh said. "They're all going to be churning back and forth" in hopes of getting better deals, better coverage and better customer service.

Today, about 30 percent of customers **switch** carriers every

year, said Kneko Burney, chief market strategist for InStat/MDR, a research firm in Scottsdale, Ariz. She estimates that an additional 10 percent to 15 percent might **switch** because they can keep their numbers.

"The reality is, I've never met someone who didn't hate their carrier," said David Steinberg, chief executive of InPhonic Inc. a company in Washington that activates wireless phones online.

"The grass is almost always greener" at another carrier, Steinberg said. "You're going to have a lot of people moving very, very quickly."

How quickly remains to be seen. Last week, the Federal Communications Commission recommended that numbers be moved within 2 1/2 hours of a customer's request. The agency said its stance was based on industry estimates of the time needed to move, or port, a number.

Analysts and carriers say the recommendation is optimistic, at best.

"Everyone thinks it's going to be really easy, but it's a train wreck waiting to happen," said Cheryl Bini, a spokeswoman for Verizon Wireless in St. Louis.

Customers have had the right to keep their land-line numbers when they **switch** carriers since 1996, though strict geographic limits apply.

When land-line phone companies move customer numbers to other carriers, the process can take several days to perhaps a week, said Baugh, the telephone consultant. Often, customers don't get service from either carrier while the number is being moved.

Baugh said the FCC should set a time limit for moving numbers, "but I don't think 2 1/2 hours is enough."

#### Jumping carriers

Wireless carriers could delay moving a number while they verify a customer's identity, credit-worthiness, and status with the old or new company, Baugh said.

With only 42 days until the deadline for number portability, companies are scrambling to change their software, to test technology and to work out procedures for moving numbers among competitors. Any glitches could delay a move for hours or even days, she said.

Baugh recommends waiting awhile before jumping to a new carrier. Wireless companies are likely to offer good deals to lure customers away from competitors. Also, people might find that carriers are willing to negotiate a better deal rather than lose business.

Kraig Schnitzmeier, owner of rehab company Historic Homes LLC, doesn't expect to **switch** carriers. But the ability to move his phone number might provide leverage if he's trying to get a better deal from AT&T Wireless.

"It seems like a lot of times, there are offers that sort of beat my plan," said Schnitzmeier, who uses his cell phone for business and personal calls. "It's either I have to call and argue with someone at AT&T to get them to match the plan, or I have to pay more."

Keeping the same number is critical, Schnitzmeier said. "My business cards, everything with my business information, has my cell phone on it."

Bunge North America expects to begin consolidating more than 200 cell-phone bills at a single carrier after Thanksgiving, said Marc Grossman, principal analyst at the grain company's headquarters in Maryland Heights. He might have to wait until next summer to consolidate bills for employees in rural areas, because number portability will be phased in for those areas in May.

Bunge hopes to trim the \$20,000 a month it pays in cell-phone charges by converting to a single, electronic bill. Computerized billing allows the company to cut bill-processing costs and to analyze usage better to get employees on the best plan for the number of minutes they use, Grossman said.

### Building loyalty

Most cell-phone companies say they view number portability as an opportunity to win more customers.

But number portability "isn't going to create new market demand," said Burney, the InStat/MDR strategist. "What it's going to do is shuffle the deck."

With nearly a third of cell-phone customers switching carriers every year, "It's no wonder that these providers aren't particularly profitable," Burney said. "When you're losing customers at that rate, there's clearly something wrong in the way they serve customers."

Carriers need to focus on ways to increase customer loyalty, such as providing better customer service or improved network quality, Burney said. "Right now, there's nothing that really differentiates providers from each other."

Zoe Moeller, a real estate agent from St. Peters, **switched** to T-Mobile from Sprint PCS several years ago. The reason: She couldn't forward her home phone number to the Sprint cell phone. Moeller said it's important to be able to respond to client calls no matter where she is.

"I have a lot of people tell me that I'm one of the few agents that answer my phone," she said. "My clients have told me over and over that it's important to be able to talk to someone right away."

Paul Glenchur, an analyst with Schwab Capital Markets, views number portability as "a bit of a negative force" for wireless companies, because they will have to spend more to attract and retain customers.

Number portability could touch off a wave of industry consolidation if weaker carriers start losing a lot of customers, Glenchur said.

Also, regular phone companies could be hurt when the FCC orders them to allow numbers to be moved from wired to wireless phones, possibly next year. More and more customers are giving up their home phones and using only cell phones.

This group includes Butler Miller, a claims manager at Robert Miller and Associates Inc. of Clayton. He uses a wireless phone for all personal calls.

"I just wasn't home very much, and I wasn't online at home," Miller said. "If I wasn't at home, there was no point in having

a land-based phone where you have to call in to get your messages."

To stabilize their business, phone companies are offering bundles of wired and wireless service. But the dogfight in coming months will be among the wireless carriers, including at least six in St. Louis: Verizon Wireless, Cingular, AT&T Wireless, T-Mobile, Sprint and Nextel.

Companies that receive low rankings in quality and service risk losing customers, said Patrick Comack, an analyst with Guzman & Co. in Miami. He expects Verizon and Nextel to be among the winners because they have more business customers, and they're perceived as offering better service.

Cingular, Sprint and T-Mobile are likely to be aggressive on pricing as they struggle to hold their consumer-heavy customer lists, Comack said.

"It's great for consumers." Companies worried about losing market share "are going to be giving it away," he said.

"The wireless industry is going to be in complete chaos next year. It's going to be fascinating to watch."

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### Switching numbers

When changing carriers, take a current bill or contract with you to the wireless retail store. Also, you might want to see if your current carrier is willing to meet the terms of a competitor's offer before making the **switch**. Wireless customers who want to move their phone numbers to new carriers need to be aware of potential consequences:

### Contracts

Most wireless phone contracts require customers to pay a penalty if they cancel service before the contract expires. Penalties can be \$150 or more, but carriers might be willing to reduce the amount if the contract is about to expire. But the company can't force you to pay before moving your number.

### Cancellation

If you're going to move a cell-phone number, it must come from an active account. Customers must set up an account with the new carrier and then arrange for the old one to be closed once the number is transferred.

### Equipment

Wireless phones generally work only with one carrier. If you change carriers, you'll have to get a new phone.

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